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ISSB Internationalisation of SASB standards

Cover Note

Objective

1. The objective of this session is to discuss and provide comments to EFRAG's preliminary responses to the ISSB Exposure Draft on its proposed methodology for internationalising SASB Standards and SASB related Taxonomy.

Background

2. The ISSB seeks to enhance the international applicability of non-climate related metrics in the SASB Standards. Such enhancements will preserve the structure, completeness and intent of SASB Standards.
3. The enhancements are designed to ensure that entities can apply the SASB Standards regardless of the jurisdiction in which they operate or the type of generally accepted accounting principles (GAAP) they apply.
4. In descending order or preference, amendments to the SASB Standards would be made by:
 - a. substituting available internationally applicable references for standards, definitions or calculation methods to replace jurisdiction-specific references;
 - b. providing more generalised definitions for standards, definitions or calculation processes to replace jurisdiction-specific references;
 - c. adopting generalised jurisdictional references to enable preparers to use applicable jurisdictional laws, regulations, methodologies or guidance to replace jurisdiction-specific references;
 - d. removing - in a limited number of cases - disclosure metrics that are ill-adapted for international application or have no identified international equivalents outside specific jurisdictions; and
 - e. removing and replacing jurisdiction-specific metrics when a relevant replacement can be identified to preserve the disclosure topic's integrity, aligning with the intent of the original metric as much as possible based on research, to meet the needs of users of general purpose financial reports.
5. The ISSB issued its ED on 9 May 2023 with a 90-day comment period. EFRAG issued its draft comment letter (DCL) on 2 June 2023. In its DCL, EFRAG stated that the proposed



methodology would improve the international applicability of the SASB standards but points to the following improvements that could be made: i) keeping an acceptable comparability level when working with national references and ii) the ratification status of international references.

6. EFRAG considers the proposed methodology a reasonable transition approach, pending a more extensive standard setting activity to enhance the SASB Standards.
7. EFRAG requests the ISSB to develop a gap analysis between the SASB standards and sustainability reporting frameworks developed more recently or which are being developed. The results of this gap analysis should then serve as a basis for updates to the SASB standards.
8. EFRAG agrees to update the SASB XBRL Taxonomy to reflect the amended SASB standards accordingly, as suggested. EFRAG invites the ISSB to work with EFRAG on a harmonisation of the sector specific digital XBRL taxonomies of the ESRS and ISSB standards.

Next steps

9. The EFRAG Secretariat proposes the following next steps:

Date	Event
End of June/begin July 2023	Outreach event by the DRSC - Consultation of EFRAG CFSS, EFRAG User Panel, Joint outreach event with the ISSB and outreach to the sustainability community
10 July 2023	End of consultation
1 August 2023	SR TEG to discuss comments received and recommend to the Boards the final comment letter
4 August 2023	SRB to agree on final comment letter – written approval
9 August 2023	ISSB comment period ends

Questions for EFRAG FR TEG and CFSS members

10. Do EFRAG FR TEG and CFSS members have comments on the preliminary answers to the ISSB ED? Please explain.

Agenda Papers

11. In addition to this cover note, agenda papers for this session are:
 - a. Agenda paper 15-02 – EFRAG draft comment letter summary slidepack;
 - b. Agenda paper 15-03 – EFRAG draft comment letter; and
 - c. Agenda paper 15-04 – ISSB ED Internationalisation of SASB standards
 - d. Agenda paper 15-05 – ISSB survey.

